

## Message Text

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ORIGIN EUR-03

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DRAFTED BY EUR/EE:S FROMOWITZ  
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-----013864 041016Z /21  
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FM SECSTATE WASHDC  
TO AMEMBASSY BUCHAREST

C O N F I D E N T I A L STATE 113098

FOR SIMONS FROM ANDREWS

E.O. 11652:GDS

TAGS: OGEN, RO

SUBJECT: OFFICIAL/INFORMAL

1. TUDOR CLAIM. WE APPRECIATED YOUR REPORT (BUCHAREST 2802) ON THE EMBASSY'S ACTIONS IN THIS CASE AND LOOK FORWARD TO RECEIVING A COPY OF YOUR NOTE VERBALE AND (HOPEFULLY) A ROMANIAN RESPONSE. LAST WEEK LUERS MET WITH MERRIGAN, PRINCIPALLY TO DISCUSS THE CZECH CLAIMS-GOLD SITUATION, BUT THE TUDOR CLAIM WAS ALSO BRIEFLY MENTIONED. MERRIGAN SAID THAT THE ROMANIANS HAVE GIVEN SEVERAL HINTS LATELY THAT THEY ARE PREPARED TO SETTLE WITH TUDOR AND SPOKE AS IF THE ROMANIANS HAD CONCEDED THE BANKRUPTCY OF THEIR LEGAL ARGUMENT. WE POINTED OUT THAT THEY HAVE NEVER SUGGESTED TO THE EMBASSY OR TO US THAT THE TUDOR CLAIM HAS ANY MERIT. WE ARE CHECKING WITH VANIK'S OFFICE TO SEE WHETHER THE ROMANIANS HAVE PROVIDED ANY SUCH HINTS TO HIM. (WE TEND TO DOUBT MERRIGAN, ON THIS POINT, BUT WILL LET YOU KNOW IF THERE ARE  
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ANY OTHER CORROBORATING REPORTS.)

2. PROPOSED AMENDMENTS ON CCC. CONGRESS HAS BEFORE IT THIRTY-FIVE BILLS RELATING TO AGRICULTURAL TRADE. AS YOU MIGHT EXPECT, BOTH THE CONGRESS AND THE ADMINISTRATION ARE HAVING A DIFFICULT TIME TRYING TO KEEP TRACK OF THEM. THEY CONTAIN SOME PROPOSALS OF SPECIAL INTEREST TO YOU.

SEVERAL OF THE BILLS ARE INTENDED TO CIRCUMVENT THE JACKSON-VANIK AMENDMENT LIMITATIONS ON EXTENSION OF CCC CREDITS. SOME PROPOSE TO DO THIS BY EXTENDING CCC CREDITS TO THE US EXPORTER INSTEAD OF TO THE FOREIGN IMPORTER. OTHERS SIMPLY CIRCUMVENT IT WITH LANGUAGE THAT SUSPENDS THE APPLICATION OF JACKSON-VANIK TO CCC CREDIT. (STATE'S POSITION IS THAT WE ARE NOT PROPOSING ANY LEGISLATIVE CHANGES IN JACKSON-VANIK AT THIS TIME.)

ANOTHER SET OF BILLS SEEKS TO ESTABLISH AN INTERMEDIATE CREDIT PROGRAM, I.E., INTERMEDIATE BETWEEN THE THREE YEAR REPAYMENT LIMIT ON CCC CREDITS AND THE LONG REPAYMENT PERIODS AVAILABLE ON P.L.480. USDA HAS BEEN PUSHING STRONGLY FOR THIS PROGRAM. STATE IS OPPOSED BECAUSE THE PROGRAM WOULD BE MORE LIKELY TO START A CREDIT WAR WITH OUR MAJOR COMPETITORS THAN TO INCREASE THE US SHARE OF FOREIGN MARKETS. THE PROGRAM MIGHT HAVE ADVERSE EFFECTS ON THE BALANCE OF PAYMENTS.

ANOTHER CONTENTIOUS ISSUE BETWEEN USDA AND STATE IS HR-10434. THAT BILL WOULD ADD A NEW TITLE VIII TO THE AGRICULTURAL ACT OF 1954 WHICH WOULD AUTHORIZE THE ESTABLISHMENT OF AGRICULTURAL TRADING OFFICES OUTSIDE THE AUTHORITY OF THE CHIEF OF THE US DIPLOMATIC MISSION IN THE COUNTRY. NOT SURPRISINGLY, THE DEPARTMENT STRONGLY OPPOSES THIS

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PROPOSAL.

IT IS STILL TOO EARLY TO SAY WHICH, IF ANY, OF THESE PROPOSALS WILL BE IMPLEMENTED. WE WILL KEEP YOU INFORMED OF DEVELOPMENTS.

3. STEVENSON AMENDMENT TO EXIMBANK ACT. SENATOR STEVENSON PLANS TO INTRODUCE AN AMENDMENT TO THE EXIMBANK ACT IN THE VERY NEAR FUTURE. IN BRIEF, THIS AMENDMENT WOULD REQUIRE THE PRESIDENT TO SUBMIT TO THE CONGRESS A LIST OF ALL COUNTRIES HE HAS DETERMINED ELIGIBLE FOR EXIMBANK SERVICES, TAKING INTO CONSIDERATION EACH COUNTRY'S RELATIONSHIP TO THE U.S. AND TO COUNTRIES FRIENDLY OR HOSTILE TO THE U.S., ITS INTERNAL STABILITY AND CREDIT-WORTHINESS, ITS POLICIES AND ACTIONS WITH RESPECT TO PEACEFUL SETTLEMENT OF INTERNATIONAL AND INTERNAL DISPUTES, HUMAN RIGHTS, INCLUDING SPECIFICALLY EMIGRATION POLICIES, THE ENVIRONMENT, AND SUCH OTHER FACTORS AS HE CHOOSES. CONGRESS WOULD HAVE 60 DAYS TO REGISTER DISAPPROVAL. REVISED LISTS COULD BE SUBMITTED AT ANY TIME.

THE AMENDMENT WOULD REPLACE PROVISIONS IN THE CURRENT

STATUTE WHICH REQUIRE (A) NATIONAL INTEREST DETERMINATIONS

FOR COMMUNIST COUNTRIES AND (B) SEPARATE DETERMINATIONS  
FOR EACH SUCH LOAN OVER \$50 MILLION. THE AMENDMENT WOULD  
ALSO SUPERSEDE THE PROVISIONS OF THE TRADE ACT OF 1974  
(JACKSON-VANIK) WITH RESPECT TO EXIMBANK CREDITS FOR  
EXPORTS TO COUNTRIES OTHER THAN THE SOVIET UNION. IT  
WOULD NOT SUPERSEDE JACKSON-VANIK PROVISIONS CONCERNING  
MFN OR CCC CREDITS. THE \$300 MILLION CEILING ON LOANS TO  
THE SOVIETS CURRENTLY IN THE ACT (THE 1974 STEVENSON  
AMENDMENT) WOULD REMAIN UNCHANGED. CHRISTOPHER

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